NVAC Vaccine Finance Working Group Update

ACIP Meeting

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Chair, NVAC Vaccine Working Group

What is the Problem?

- New vaccines added to the schedule and new vaccine recommendations have created a crisis in the delivery system
- This threatens to greatly reduce or eliminate the private provider role in delivery and to fragment the medical home
- Increased stress on the public sector, including 317 prg.
- The problem is not readily visible
  - There is no resurgence of vaccine-preventable diseases due to failure to vaccinate (yet).
  - Morbidity not yet prevented by new vaccines not recognized as a problem
  - Adoption of new vaccines may be threatened

2006-7 NVAC Working Group Charge

- Obtain input from stakeholders …on the challenges in creating optimal approaches to vaccine financing in both the public and private sectors, and their impact on access.
- Establish a process for selecting and addressing 2 – 3 key topics per year with input from the subcommittee chairs
- By the end of each year, have developed specific and targeted policy options for the first 2 – 3 topics, and be prepared to address another 2 – 3 topics in the next year.
- Present findings and policy options to the full NVAC for discussion and recommendations.

Working Group Membership

- NVAC
  - Gus Birkhead, chair
  - Jon Abramson
  - Jon Almquist
  - Mark Feinberg
  - Gary Freed
  - Lance Gordon
  - Alan Hinman
  - Calvin Johnson
  - Jerome Klein
  - AHIP – Alan Rosenberg
  - Nat'l Business Group on Health - Liz Greenbaum/Ron Finch
  - Health Economist - Mark Pauley
  - Academia - Walt Orenstein
  - Agency liaisons
    - CDC – Lance Rodewald
    - CMS – Jeff Kelman
- NVPO
  - Bruce Gellin, Angela Shen, Ray Strikas, Emma English, Jenny Salesa (U Michigan)

Finance Working Group Focus

- Primary focus on childhood immunization
- Public Sector:
  - Administration fees:
    - Medicaid admin fee not adequate in many states
    - No admin fee in VFC for uninsured and underinsured (providers may charge parents but cannot turn anyone away for inability to pay).
  - 317 Program not keeping pace
- Private Sector:
  - Pharmaceutical issues – inventory costs
  - Insurance issues – adequacy of coverage (vaccine and admin fee)

NVAC Working Group Data Gathering

- Input from NVAC Subcommittees and stakeholders;
- Commissioned surveys of office practice managers on current costs, charges, and reimbursement experience, and of physicians on attitudes on finance issues;
- Other studies of cost of vaccination in progress
- AMA/AAP Vaccine Finance Congress (Feb/March 07);
- Meetings with CMS;
- Interviews with individual vaccine manufacturers;

Studies Commissioned Through CDC

1. **Assessment of the charges and reimbursements for vaccines and administration fees in private practices**

- **Purpose:** Determine the range of prices paid for childhood/adolescent vaccines and administration fees charged, and reimbursement paid for each by their 3 largest insurers.
- **Methods:**
  - Telephone survey of practice managers
  - 30 practices each from 5 non-universal purchase states (5 small, 5 medium, and 5 large from metropolitan and non-metropolitan areas of each state
  - 20 practices from 2 universal purchase states (10 practices will be selected from 3 areas of each state)
- **Results: Fall 07**

Studies Commissioned Through CDC

2. Assessment of private provider attitudes regarding vaccine financing

- **Purpose:** To determine the attitudes of private immunization providers regarding the purchase of newly recommended vaccines and reimbursement for vaccine purchase and administration.
- **Methods:**
  - *Design:* Cross-sectional mailed survey
  - *Sample:* National random sample of pediatricians and family physicians, drawn from the AMA Masterfile
- **Results: Fall 2007**

NVAC White Paper

- Goal: The goal is to ensure universal access to all vaccines recommended by the Advisory Committee on Immunization Practices (ACIP) for children and adolescents without financial barriers.

D R A F T
White Paper: Potential Conclusions

- The current private and public sector mixed financing system for purchase of pediatric and adolescent vaccines has the capacity to deliver all currently recommended vaccines to children.
- However, it does not assure access for all children and adolescents without financial barriers.
- The system also has the potential, not yet realized, to deliver vaccines to adolescents. The system should be reinforced and strengthened.
- Financial incentives can play a major role in strengthening the system to deliver current as well as future recommended vaccines.
- Public funding for immunizations under Section 317 has not kept pace.

D R A F T
White Paper: Potential Conclusions

- There appears to be wide variation in vaccine costs and reimbursement for providers.
- Vaccine reimbursement may not cover either the full costs of vaccines or vaccine administration and non-vaccine costs. (e.g. in VFC, no administration fee is available for un- and under-insured kids.)
- Practices incur non-vaccine costs that should be covered by the administration fee:
  - vaccine storage, insurance against vaccine loss, maintaining reminder systems, entering data into vaccine registries, parental counseling and discussions, and vaccine administration.

D R A F T
White Paper: Potential Recommendations

- Some recommendations can be implemented under existing legislation.
- Others would require new legislation.

D R A F T
White Paper: Potential Recommendations

- HRSA and CDC should encourage FQHCs and rural health clinics, to get public health department clinics designated by FQHCs to serve underinsured children under the VFC program who cannot be served in FQHCs.
- The maximum allowable reimbursement rates for administration costs for Medicaid children receiving vaccines through VFC should be revised.
- States should be encouraged to contribute maximally to their Medicaid vaccine administration fee.
- CDC should collect data on the actual non-vaccine costs of vaccinating in private practices using methods acceptable to major stakeholders.

D R A F T
White Paper: Potential Recommendations

- Medical and other relevant societies (e.g. AAP, AAFP, ACOG, ACP) should work with the American Medical Association's RUC to better define all of the components that go into CPT codes for vaccine and vaccine administration.
- Medical societies should collect data on best business practices that minimize vaccine and vaccination costs to assure efficient and appropriate use of ACIP recommended vaccines.

D R A F T
White Paper: Potential Recommendations

- Provider-Insurer contracts should allow for increases in vaccine prices and incorporation of new vaccines mid-contract.
- Vaccine manufacturers and third party distributors should work with providers to reduce financial liability for initial inventories of new vaccines.

D R A F T
White Paper: Potential Recommendations

- Section 317 funding should be increased in accordance with new vaccine recommendations.
- Mechanisms to utilize Section 317 funding to support administration fees for uninsured children served by the VFC program should be explored by HHS.

D R A F T
White Paper: Potential Recommendations

- NVPO should convene a meeting of key stakeholders, including manufacturers and insurers, to evaluate
  - 1) tax credits as incentives for insurers and employers to eliminate underinsurance
  - 2) insurance mandates for first dollar coverage of recommended vaccines and their administration, and
  - 3) whether some form of universal federal vaccine purchase or universal federal reimbursement for vaccines and vaccine administration should be pursued.

NVAC Vaccine Finance Working Group Ongoing Activities

- Practice and cost surveys – Fall/Winter 07
- White Paper submitted to NVAC to consider - Fall 07
- Continue discussions with CMS on administration fees
- Encourage the Vaccine Economics Evaluation Projects Steering (VEEPS) Committee of economists to design the methodology for the definitive study of actual costs of vaccinating;
- Planned interview survey of insurers and possibly self insured employers;
- Stakeholder meeting planned for Fall 07.